GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2268
ANSWERED ON:11.12.2015
Priority Lending to Agriculture Sector
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government/Reserve Bank of India (RBI) has issued guidelines to commercial banks to follow a percentage criterion for providing agriculture loan under the priority sector and if so, the details thereof;

(b) the amount of loan provided by the banks under priority sector lending to agriculture sector during the last three years and the current year, State/UT-wise;

(c) whether the banks have achieved the RBI targets for Priority Sector Lending to agriculture sector and if so, the details thereof;

(d) whether the RBI has taken any action/penalty against banks to meet the targets and if so, the details thereof, bankwise; and

(e) the further steps taken/being taken by the Government to achieve the targets?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): The interest rates on various types of loans provided by banks may differ from bank to bank, but for a particular bank, they are uniform across the country. The lending rates of banks have been deregulated and these rates are determined by the banks themselves based on their commercial judgement as approved by their respective Boards. However, for institutional credit to farmers the Government provides interest subvention to make short-term crop loans upto Rs.3 lakh at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%. In order to discourage distress sale of produce by small and marginal farmers, post-harvest loans against Negotiable Warehouse Receipts (NWRs) are provided by banks to Small Farmers/Marginal Farmers having Kisan Credit Card (KCC), at the interest rate of 7% per annum for a period of upto six months.
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